

Message Text

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ACTION EB-08

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TAGS: ETRD, EEWT, EWWT, UR, US

SUBJECT: MARINE CARGO INSURANCE

REF: (A) MOSCOW 9013, (B) MOSCOW 5845, (C) MOSCOW 5442

1. E/C COUNSELOR ASKED MINISTRY OF FOREIGN TRADE OFFICIAL MEL'NIKOV MAY 31 WHETHER THERE WAS ANYTHING NEW ON SUBJECT OF MARINE CARGO INSURANCE. MEL'NIKOV RESPONDED THAT MINISTRY OF FINANCE HAD TAKEN A VERY NEGATIVE VIEW OF SUBJECT, POINTING OUT THAT TRADE BALANCE BETWEEN US AND USSR IS HEAVILY IN FAVOR OF U.S. AND SHOULD MORE THAN COMPENSATE FOR COST OF THE INSURANCE, WHICH IS MINOR IN COMPARISON. MEL'NIKOV EMPHASIZED THIS SHOULD BE SEEN AS "STATE TO STATE" MATTER. COUNSELOR REITERATED OUR CONCERN ABOUT SOVIET POLICY.

2. ON JUNE 1, A/DAS STROH, ACCOMPANIED BY E/C COUNSELOR, RAISED SAME SUBJECT WITH ZINOV'YEV AND MEL'NIKOV IN MFT. ZINOV'YEV RESPONDED THAT THERE HAD BEEN CONSIDERABLE
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DISAGREEMENT ON THIS MATTER AMONG THE VARIOUS SOVIET AGENCIES INVOLVED BUT SAID THAT CHANCES FOR SOVIET RESPONSE WERE LESS FAVORABLE THAN AT TIME WHEN COUNSELOR HAD DISCUSSED SUBJECT WITH DEPUTY MINISTER IVANOV (REF C).

3. A/DAS STROH EXPLAINED THAT ONE AREA OF PARTICULAR

CONCERN WHERE SOVIETS MIGHT BE LIABLE TO LEGAL ACTION WAS REQUIREMENT FOR WHAT IS IN EFFECT DOUBLE INSURANCE COVERAGE FROM U.S. FACTORY TO PORT (REF B), WHEN TITLE HAS NOT YET CHANGED HANDS. HE POINTED OUT THAT THIS PRACTICE ACTUALLY COSTS SOVIETS MONEY BECAUSE SELLERS FACTOR ADDITIONAL COSTS INTO PRICE.

4. ZINOV'YEV LISTENED WITH INTEREST TO THIS EXPLANATION, WHICH HE HAD OBVIOUSLY NOT PREVIOUSLY HEARD, AND ENGAGED IN DEBATE IN RUSSIAN WITH MEL'NIKOV, WHO WAS ABOUT TO REBUT THE POINT FLATLY. ZINOV'YEV SAID THAT HE WOULD DISCUSS THIS POINT WITH SOVIET FOREIGN TRADE ORGANIZATION (FTO'S) BUT ADDED THAT THE FTO'S DO NOT TAKE KINDLY TO ANY ADVICE FROM THE MINISTRY ON HOW TO DO THEIR BUSINESS.

5. COMMENT: EVEN THOUGH IT IS INTERESTING TO HEAR AGAIN THAT THERE HAVE APPARENTLY BEEN SOME DIFFERENCES OF OPINION WITHIN SOVIET GOVERNMENT ON HOW TO RESPOND TO COMPLAINT OF AMERICAN INSTITUTE OF MARINE UNDERWRITERS ABOUT SOVIET DISCRIMINATORY INSURANCE PRACTICE, WE SEE LITTLE LIKELIHOOD THAT THEY WILL TAKE ANY POSITIVE ACTION AND PROBABLY WILL PRODUCE - AT BEST - ONLY A STATEMENT JUSTIFYING PRESENT PRACTICE. ZINOV'YEV DID APPEAR INTERESTED IN A/DAS STROH'S ARGUMENT THAT DOUBLE COVERAGE FROM FACTORY TO PORT COSTS SOVIETS MONEY, BUT HE WAS CAREFUL TO AVOID GIVING ANY ASSURANCES THAT EVEN THIS PRACTICE MIGHT BE CHANGED. WHILE MINISTRY OF FINANCE IS LIMITED OFFICIAL USE

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PRESENTED AS BOGEYMAN, THE LINE ATTRIBUTED TO IT IS CLEARLY SHARED BY MANY OTHERS IN SOVIET ECONOMIC POWER STRUCTURE. MATLOCK

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